

IN THE CHANCERY COURT OF THE FIRST JUDICIAL DISTRICT  
OF HINDS COUNTY, MISSISSIPPI

GEORGE DALE, COMMISSIONER  
OF INSURANCE OF THE STATE OF  
MISSISSIPPI

VS.

FAMILY HEALTH CARE PLUS, INC.  
A Mississippi Health Maintenance Organization

ATTEST A TRUE COPY  
FILED

JUL 15 2004

EDDIE JEAN CARR, CHANCERY CLERK

PETITIONER

BY umobon D.C.

CIVIL ACTION NO. 032004-1274  
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RESPONDENT

**ORDER OF REHABILITATION**

This cause came before the Court on Thursday, July 15, 2004, upon the *ex parte* Petition of the Commissioner of Insurance for the State of Mississippi, Hon. George Dale ("Commissioner"), for an Order of Rehabilitation for the Insurer/HMO, Family Health Care Plus, Inc. ("FHCP" or "Company" or "Respondent"). Having heard and considered the presentation of the Petition, the Court hereby enters this Order of Rehabilitation for the conservation and complete management by Petitioner of all assets and affairs of FHCP, a Mississippi Health Maintenance Organization. It appearing to the Court that FHCP does not have sufficient minimum net worth as required by the provisions of the Mississippi Insurance Code and the Rules and Regulations of the Commissioner of Insurance, and further, that this Rehabilitation is in the best interest of FHCP, its enrollees, and the public, IT IS HEREBY **ORDERED** as follows:

I.

This Order of Rehabilitation ("Rehabilitation Order") is entered pursuant to the provisions of Miss. Code Ann. § 83-24-1 et seq. (Rev. 1999) and Miss. Code Ann. § 83-41-341 (Rev. 1999).

## II.

George Dale, as Commissioner of Insurance of the State of Mississippi, is hereby appointed Rehabilitator of Respondent, FHCP, with all the powers and immunities set forth in Miss. Code Ann. § 83-24-1 et seq. and Miss. Code Ann. § 83-41-341. The Rehabilitator shall take possession of the assets of FHCP and manage them under the general supervision of the Court. By operation of law, title to all assets of FHCP is hereby vested in the Rehabilitator.

## III.

The Rehabilitator may appoint a Deputy Rehabilitator. The Deputy Rehabilitator shall have all powers and responsibilities of the Rehabilitator granted by this Order and all such authority as conferred by operation of law. The Commissioner retains the right to substitute another person as Deputy Rehabilitator as he may deem necessary. The compensation of any Deputy Rehabilitator shall be fixed by the Commissioner with approval of the Court, and shall be paid from the funds of FHCP. The person appointed by the Commissioner pursuant to this paragraph shall serve at the pleasure of the Commissioner as set forth at Miss. Code Ann. § 83-24-27(1). The Rehabilitator and Deputy Rehabilitator shall have all constitutional and statutory immunities.

## IV.

FHCP, its officers, directors, agents, employees and all other persons are hereby enjoined and restrained from the transaction of any of the business of the Company. Further, FHCP, its officers, directors, agents, employees and all other persons are hereby enjoined and restrained from transferring Company property (without the express permission of the Rehabilitator), wasting FHCP assets, or transferring or dissipating any of FHCP's bank accounts.

V.

Any and all legal actions or proceedings in any court of this state shall be stayed for ninety (90) days, and such additional time as is necessary for the Rehabilitator to obtain proper representation and prepare for further proceedings, in which FHCP is either a party or is obligated to defend a party when this Rehabilitation Order is entered. The Rehabilitator shall take such action respecting the pending litigation deemed necessary in the interest of justice and for the protection of creditors, enrollees, and the public. During this ninety (90) day stay, and such additional time as determined necessary by the Court, all persons are enjoined and restrained from the institution or prosecution of any actions or proceedings against FHCP.

VI.

The Rehabilitator shall immediately consider all litigation pending outside this state and shall petition the courts having jurisdiction over that litigation for stays whenever necessary to protect the estate of the Respondent.

VII.

Pursuant to Miss. Code Ann. § 83-24-13 (Rev. 1999), all officers, directors, agents, and employees of Respondent, FHCP, are hereby Ordered to make available to the Rehabilitator all books, accounts, documents or other records or information or property pertaining to FHCP, wherever located, including any books, accounts, documents or other records or information or other property of FHCP in the possession of accountants, accounting firms, investment advisors, or any person or entity with which FHCP has a contract for services.

## VIII.

If it appears to the Rehabilitator that there has been criminal or tortious conduct, or breach of any contractual or fiduciary obligation detrimental to the insurer by any officer, manager, agent, broker, employee, or other person, all appropriate legal remedies may be pursued on behalf of the Respondent.

## IX.

All insurance agents and brokers are hereby ordered to account to the Rehabilitator for all funds of FHCP held by them in their fiduciary capacity or due to FHCP. As said funds are vested in the Rehabilitator as provided by law, it is Ordered that such funds be directed and forwarded by such insurance agents and brokers to the Rehabilitator.

## X.

The Rehabilitator is hereby authorized to take any and all action he deems necessary or appropriate to reform and revitalize FHCP. He shall have all the powers of the directors, officers, and managers whose authority shall be suspended, except as they are redelegated by the Rehabilitator. He shall have full power to direct and manage, hire and discharge employees subject to any contract rights they may have, and deal with the property and business of the Respondent.

## XI.

The Rehabilitator is hereby authorized to void and set aside all fraudulent or improper transfers made or obligations incurred by FHCP, as defined by Miss. Code Ann. § 83-24-27(6) (Rev. 1999).

XII.

The Rehabilitator, in accordance with Miss. Code Ann. § 83-24-1 et seq. and the limitations set forth therein, is hereby authorized to recover on behalf of the Respondent the amount of any improper, unauthorized or fraudulent distributions.

XIII.

The Rehabilitator, pursuant to the authority under Miss. Code Ann. § 83-24-1 et seq. and 83-41-341, is hereby authorized to examine the affairs, transactions, accounts, records, documents, and other assets of FHCP, its parent and affiliates to determine whether any dividends or other distributions made by FHCP to its parent or affiliates are recoverable under Miss. Code Ann. § 83-24-1 et seq.

XIV.

All reasonable expenses of any litigation, including attorney's fees and costs incurred by the Rehabilitator, now or in the future, related to or arising out of this Rehabilitation shall be paid out of the funds or assets of FHCP.

XV.

FHCP's directors, officers, employees, or other authorized representatives may not take any action which might lessen the value of FHCP's assets or prejudice the rights of enrollees, creditors, or the administration of this proceeding, including but not limited to solicitation of offers and negotiation of terms for the purchase of FHCP without the express permission of the Rehabilitator.

XVI.

FHCP, its officers, directors, agents, employees and all other persons are hereby enjoined and restrained from interfering with the Rehabilitator other than through Petition of this Court.

XVII.

The Commissioner shall be relieved from giving bond and he shall be allowed his expenses related to this action, including without limitation, examination, expert, and attorney's fees, from FHCP's funds pursuant to Miss. Code Ann. § 83-24-27. The Rehabilitator may employ such clerks, assistants, and professional help as necessary, and the compensation of such clerks, assistants, and professional help shall be paid from the funds of FHCP pursuant to Miss. Code Ann. § 83-24-27.

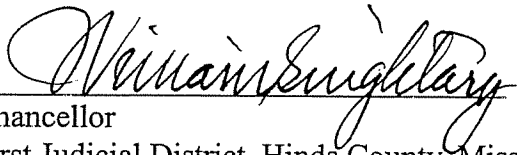
XVIII.

The Rehabilitator shall report to the Court regarding the status of the rehabilitation at such intervals as the court specifies from the date of this Rehabilitation Order, and provide an accounting to this Court on a semi-annual basis, pursuant to Miss. Code Ann. § 83-24-25(2).


XIX.

This Court shall retain exclusive jurisdiction, as provided in Miss. Code Ann. § 83-24-25(1), to determine all suits or motions related to the enforcement of this Order or any litigation related to FHCP or the Rehabilitator and his deputies, agents, employees, or representatives, which shall be determined in this rehabilitation proceeding. This Order of Rehabilitation shall remain in effect until otherwise ordered by this Court. Further, the Petition and this Order shall be a public pleading and all petitions, orders and other papers filed thereafter shall be considered public records until further order of this court providing otherwise.

**SO ORDERED** this 15<sup>th</sup> day of July, 2004.

  
Chancellor  
First Judicial District, Hinds County, Mississippi

PRESENTED BY:

  
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